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HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Darren Millar AM
Chair of the Public Accounts Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

Dear Darren,

8 July 2012

PROGRESS IN DELIVERING THE WELSH HOUSING QUALITY STANDARDS

Thank you for your letter of 12 June 2012 on the Public Accounts Committee of the National Assembly for Wales' inquiry into 'Progress in delivering the Welsh Housing Quality Standards'.

2. As you will be aware HRA reform in England was implemented as planned from 1 April 2012. This was the result of a number of years of work between DCLG, HM Treasury, and Local Authorities, and two public consultations. The initial costing of the reform in England was set out in the Spending Review policy costing document which can be found here http://cdn.hm-treasury.gov.uk/sr2010_policycostings.pdf.

3. I understand that in Wales, where housing policy is a devolved matter, the Welsh Government has also been undertaking a review of the Housing Revenue Account Subsidy (HRAS). Your letter asks a number of questions regarding the HRAS in Wales. Firstly you ask for an update on discussions with the Welsh Government. The UK Government is fully supportive of the process currently being undertaken by the Welsh Government and we are working together to identify a mutually acceptable settlement which will allow the reform of the system in Wales.

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3. While these are difficult issues – I have been clear throughout this process that any solution must not have a negative impact on the UK Exchequer – discussions with the Welsh Government on the options for reform have been continually constructive. The Welsh Government are currently considering a number of issues arising from a recent meeting and further meetings with my officials are expected to take place once this consideration has concluded.

4. Your second question asks for views on the future of the HRAS system in Wales. This is primarily a matter for the Welsh Government. The reforms in England have been completed and I wrote to Jane Hutt on 7 June 2011 to agree with her suggestion that attempts should be made to reform the system in Wales along similar lines to the English reforms. The UK Government will continue to work with the Welsh Government to identify a fiscally neutral settlement that will enable this reform to proceed.

5. Finally, you ask for details of funding levels for council housing in Wales. This is a matter for the Welsh Government.

6. I am copying this letter to the Secretary of State for Wales and to Jane Hutt.

Best wishes

A handwritten signature in black ink, appearing to read 'Danny Alexander', written over a large, faint watermark of the same signature.

DANNY ALEXANDER

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